

Senate File 73 - Introduced

SENATE FILE 73

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A BILL FOR

1 An Act exempting from the sales tax the sales price of a
2 physical exercise club contract.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.3, Code 2011, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 96. The sales price of a physical exercise
4 club contract. For purposes of this subsection, "*physical*
5 *exercise club contract*" means the same as defined in section
6 552.1, and "*sales price*" includes "*contract price*" as defined
7 in section 552.1.

8 EXPLANATION

9 This bill creates a sales tax exemption for physical
10 exercise club contracts. The term "physical exercise club
11 contract" is defined in Code section 552.1 and means an
12 agreement by which a buyer is entitled to membership in a
13 physical exercise club or use of the services or facilities
14 of a physical exercise club. The exemption applies to the
15 "sales price" of such contracts, which is defined in Code
16 section 423.1. However, because Code section 552.1 uses
17 the term "contract price" in relation to physical exercise
18 club contracts, the definition of the term "sales price" is
19 supplemented for purposes of the exemption to include the
20 meaning of "contract price."

21 By operation of Code section 423.6, an item exempt from the
22 imposition of the sales tax is also exempt from the use tax
23 imposed in Code section 423.5.